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C O N F I D E N T I A L SECTION 01 OF 02 BEIJIG 003760

SIPDIS

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TAGS: PREL PGOV ENRG ETRD VE CH
SUBJECT: CHINA MFA: CHAVEZ VISIT PRIMARILY ECONOMIC, NOT A THREAT TO THE UNITED STATES

REF: A. A: FBIS/OSC LAP20080925054001
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Classified By: Political Minister Counselor Aubrey Carlson, reasons 1.4 (b/d).

¶1. (C) Summary: Venezuelan President Hugo Chavez's September 23-25 visit to China focused on economic development and energy cooperation. Contrary to press reports, the two sides did not set firm numerical targets for oil exports, according to the Chinese MFA. MFA and academic contacts alike emphasized that the oil agreements do not represent a threat to global supply and said Chavez's visit should not be seen as a threat to the United States. The MFA publicly denied Chavez's claim that China and Venezuela discussed military cooperation during the visit. While Chavez raised the potential formation of a "Bank of the South," the MFA said such an idea is in its infancy. The MFA described Venezuela's and Bolivia's PNG expulsion of U.S. Ambassadors as "regrettable" and urged the United States to solve its disputes in the region quickly through dialogue. End Summary.

The Visit

¶2. (C) Venezuelan President Hugo Chavez visited Beijing September 23-25 and met Chinese President Hu Jintao, Vice Premier Li Keqiang and National People's Congress Standing Committee Chairman Wu Bangguo, according to the MFA. The two sides inked a total of 26 contracts in a variety of fields, including trade, energy, law and telecommunications. Chavez, who skipped the UN General Assembly to visit China, said pointedly that "visiting Beijing is of greater importance than visiting New York."

Chavez's Visit "Special ..."

¶3. (C) Chavez's visit to China was "special but normal," Director of Latin America Studies for the Ministry of State Security-affiliated China Institutes for Contemporary International Relations (CICIR) Wu Hongying told PolOff September 24. She called the visit "special" because, unlike other heads of state who visit China on a regular basis with little fanfare, Chavez's visit has attracted great attention from both the public and the international news media. Wu said this attention stemmed from three factors. First, Chavez is a firebrand who often makes controversial statements on sensitive subjects. Second, the recent PNG expulsion of the U.S Ambassadors to Venezuela and Brazil garnered world attention. Finally, the current financial crisis in the United States draws attention to economic deals signed by a world leader who has publicly declared himself to be anti-American.

... But Normal"

¶4. (C) Despite the press focus, the visit, Chavez's fifth to China since taking power, is not out of the ordinary, said Chinese Academy of Social Sciences (CASS) Institute of Latin American Studies Deputy Director Jiang Shixue. Jiang noted that, while China seeks good relations with Venezuela, Chinese leaders are not willing to sacrifice relations with the United States for Venezuela's sake. Thus, China asked Chavez not to attend the opening ceremony of the Beijing Olympic Games, Jiang said, and the visit was in lieu of participation at the Olympics. Jiang observed that the Chinese press downplayed inflammatory statements from Chavez.

At a September 26 meeting, MFA Latin American and Caribbean Affairs Department Andean Division Deputy Director Chen Luning emphasized that Chavez's visit was not intended to be threatening to other countries. He noted that the press has a tendency to play up Chavez's inflammatory remarks while ignoring the routine state-to-state discussions that predominate in head of state visits.

Expansion of Energy Cooperation

¶5. (C) Chavez's visit focused on energy cooperation and particularly on the development of Sino-Venezuelan oil trade.

The press reported Venezuelan plans to expand exports to China from 250,000-350,000 barrels per day to 500,000 barrels per day by 2009 and to over one million barrels per day by ¶2012. The press also reported that the two countries signed agreements to construct three oil refineries in China, to "study" building a refinery in Venezuela, and to build four oil tankers. MFA Deputy Division Director Chen said, however, that the oil export figures quoted by the press were

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